

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

PORFIRIO SANCHEZ,

Plaintiff,

v.

AETNA LIFE INSURANCE COMPANY,
et al.,

Defendant.

No. 2:20-cv-00038-JAM-CKD

**ORDER GRANTING DEFENDANTS'
MOTION TO CHANGE VENUE**

This matter is before the Court on Nationwide Mutual Insurance Company and Aetna Life Insurance Company's ("Defendants") Motion to Change Venue. Mot., ECF No. 5. Porfirio Sanchez ("Plaintiff") filed an opposition, ECF No. 11, to which Defendants replied, ECF No. 13. After consideration of the parties' briefing on the motion and relevant legal authority, the Court GRANTS Defendants' Motion to Change Venue.¹

I. BACKGROUND

Plaintiff was a commercial underwriter for Nationwide Mutual Insurance Company ("Nationwide"). Compl. ¶ 3, ECF No. 1. During

¹ This motion was determined to be suitable for decision without oral argument. E.D. Cal. L.R. 230(g). The hearing was scheduled for May 19, 2020.

1 Plaintiff's employment, he participated in a Nationwide-sponsored
2 employee welfare benefits plan. Compl. ¶¶ 9, 10, 13. Under the
3 plan, Plaintiff received short-term and long-term disability
4 benefits. Compl. ¶¶ 10, 14. On July 6, 2017, Plaintiff fell in
5 the shower, hitting his head and tail bone, and sustaining
6 several injuries. Compl. ¶ 17. As a result, Plaintiff alleges
7 he was no longer able "to attend to any normal activities[,]
8 including work." Id.

9 Plaintiff subsequently applied for short-term disability
10 benefits. Compl. ¶ 18. Defendants paid Plaintiff's initial
11 claim. Compl. ¶ 19. However, when Plaintiff's doctor failed to
12 send updated medical records, Defendants terminated his short-
13 term benefits on October 31, 2017. Id. Defendants reaffirmed
14 the termination of Plaintiff's short-term benefits on February 7,
15 2019. Compl. ¶ 33. On June 25, 2019, Plaintiff applied for
16 long-term disability benefits. Compl. ¶ 45. On August 1, 2019,
17 Defendants denied Plaintiff's application, informing him that he
18 was no longer eligible for long-term benefits because his short-
19 term benefits had been denied. Compl. ¶ 46. Defendants upheld
20 the denial on September 13, 2019, and then again on November 18,
21 2019. Compl. ¶¶ 49, 52.

22 On January 1, 2020, Plaintiff filed suit against Defendants
23 for violations of the Employee Retirement Income Security Act of
24 1974 ("ERISA"), §§ 502(a)(1)(B) and 502(a)(3). Compl. ¶¶ 61-65.
25 Plaintiff seeks to recover disability benefits allegedly due to
26 him under the benefits plan. Compl. ¶ 1. Defendants now move
27 for the Court to change the venue of this case from the Eastern
28 District of California to the Southern District of Ohio based on

1 a forum-selection clause in the benefits plan. Mot. at 3-4.
2 Plaintiff opposes, arguing the applicable benefits plan failed to
3 specify venue. Opp'n at 3-5.

5 II. OPINION

6 A. Legal Standard

7 "For the convenience of parties and witnesses, in the
8 interest of justice, a district court may transfer any civil
9 action to any other district or division where it might have
10 been brought or to any district or division to which all parties
11 have consented." 28 U.S.C. § 1404(a). Section 1404(a) seeks to
12 "prevent the waste of time, energy and money and to protect
13 litigants, witnesses and the public against unnecessary
14 inconvenience and expense[.]" Van Dusen v. Barrack, 376 U.S.
15 612, 616 (1964) (internal quotation marks omitted).

16 In considering a motion to change venue, "[t]he presence of
17 a forum-selection clause . . . will be a significant factor that
18 figures centrally in the district court's calculus." Stewart
19 Org. v. Ricoh Corp., 487 U.S. 22, 20 (1988) (quoting Van Dusen,
20 376 U.S. at 622). A valid forum-selection clause constitutes
21 the parties' agreement as to the most appropriate forum. Atl.
22 Marine Const. Co. v. U.S. Dist. Court for W. Dist. of Texas, 571
23 U.S. 49, 63 (2013). Thus, the "court should ordinarily transfer
24 the case to the forum specified in that clause. Only under
25 extraordinary circumstances unrelated to the convenience of the
26 parties should a § 1404(a) motion be denied." Id.

27 The party seeking to defeat the forum-selection clause
28 bears the burden of demonstrating "that the transfer to the

1 forum for which the parties bargained is unwarranted." Id. To
2 defeat the clause, the party must "clearly show that enforcement
3 would be unreasonable and unjust." M/S Bremen v. Zapata Off-
4 Shore Co., 407 U.S. 1, 15 (1972). A forum selection clause may
5 be deemed unreasonable if: (1) the inclusion of the clause in
6 the agreement was the product of fraud or overreaching; (2) the
7 party wishing to repudiate the clause would effectively be
8 deprived of his day in court were the clause enforced; and
9 (3) enforcement would contravene a strong public policy of the
10 forum in which suit is brought. Holland Am. Line, Inc. v.
11 Wartsila N. Am., Inc., 485 F.3d 450, 458 (9th Cir. 2007).

12 Accordingly, when presented with such an agreement, the
13 court must disregard plaintiff's choice of forum and the
14 parties' private interests. Atl. Marine, 571 U.S. at 64.
15 Instead, it can only "consider arguments about public-interest
16 factors" and "those factors will rarely defeat a transfer
17 motion." Id. The party acting in violation of the forum-
18 selection clause bears the burden of showing that public-
19 interest factors "overwhelmingly disfavor a transfer."
20 Id. at 67.

21 B. The Forum-Selection Clause

22 The forum-selection clause at issue is included in the
23 benefits plan, as amended and restated on July 1, 2018 ("2018
24 benefits plan"). Mot. at 2. The clause specifies that "[a]ny
25 legal action brought against the Plan must be filed in the
26 United States District Court, Southern District of Ohio, Eastern
27 Division." Benefits Plan, Legal Actions § 10.10(b), Ex. A to
28 Mot., ECF No. 5-1. This language indicates that any litigation

1 over the benefits plan must be initiated in the Southern
2 District of Ohio. Hunt Wesson Foods, Inc. v. Supreme Oil Co.,
3 817 F.2d 75, 77 (9th Cir. 1987) (“[I]n cases in which forum
4 selection clauses have been held to require litigation in a
5 particular court, the language of the clauses clearly required
6 exclusive jurisdiction.”) (emphasis in original). The mandatory
7 nature of the forum-selection clause is not in dispute. See
8 Opp’n at 3.

9 Plaintiff contends the case should not be transferred for
10 two reasons. First, Plaintiff argues the forum-selection clause
11 does not apply to this action because the benefits plan in
12 existence at the time Plaintiff filed his short-term disability
13 claim did not include a forum-selection clause (“2017 benefits
14 plan”). Opp’n at 3-5. Second, Plaintiff contends enforcement
15 of the clause would be unfair largely due to: (1) his financial
16 inability to bear the cost of the venue change; and (2) the
17 standard of review courts must apply in Ohio. Opp’n at 5-9.
18 As explained below, neither argument is sufficient to defeat
19 Defendants’ motion.

20 1. Applicability

21 Plaintiff argues the forum-selection clause in the 2018
22 benefits plan is inapplicable because the 2017 benefits plan
23 governed at the time Plaintiff brought his disability claim.
24 Opp’n at 3. Plaintiff was injured on July 6, 2017, and
25 subsequently applied for short-term disability benefits. Compl.
26 ¶¶ 17-18. The 2018 benefits plan came into effect on July 1,
27 2018. Mot. at 2. Plaintiff claims he is subject to the 2017
28 benefits plan, which did not contain a forum-selection clause,

1 rather than the 2018 benefits plan. Opp'n at 3. (It is
2 undisputed that the 2017 benefits plan does not include a
3 mandatory forum provision.) Plaintiff is incorrect.

4 The controlling document is the version of the welfare plan
5 in effect when a participant's cause of action accrues. Grosz-
6 Salomon v. Paul Revere Life Ins. Co., 237 F.3d 1154, 1160 (9th
7 Cir. 2001) ("That she became permanently disabled and filed her
8 disability claim while the first policy was in effect is
9 irrelevant; it does not entitle her to invoke that plan's
10 provisions in perpetuity."). A participant's cause of action
11 accrues on the date the claim is finally denied. See id. at
12 1159; see also Wise v. Verizon Communications, Inc., 600 F.3d
13 1180, 1188 (9th Cir. 2010) (Plaintiff's ERISA claim accrued upon
14 final denial notification: when she was informed that no further
15 internal appeals were possible and that her opportunity to
16 submit more medical documentation had ceased).

17 The final administrative denial of Plaintiff's short-term
18 benefits occurred on February 7, 2019. See Compl. ¶ 33. And
19 the final administrative denial of Plaintiff's long-term
20 benefits occurred on November 18, 2019. See Compl. ¶ 52. Thus,
21 the 2018 benefits plan, which came into effect prior to both
22 final administrative denials, is the controlling document here.
23 See Marin v. Xerox Corp., 935 F.Supp.2d 943, 945 (N.D. Cal.
24 2013) (holding the benefits plan with a mandatory forum
25 provision that was in effect when plaintiff's claim was denied,
26 not the plan when her benefits were first granted, was the
27 controlling document). Accordingly, its forum-selection clause
28 applies.

1 The validity of the forum-selection clause in the 2018
2 benefits plan is not in dispute. Thus, the Court finds the
3 clause to be valid. See Doe I v. AOL LLC, 552 F.3d 1077, 1083
4 (9th Cir. 2009) (“[A] forum selection clause is presumptively
5 valid; the party seeking to avoid a forum selection clause bears
6 a ‘heavy burden’ to establish a ground upon which [the court]
7 will conclude the clause is unenforceable.”). Moreover, courts
8 have held that forum-selection clauses are not inconsistent with
9 the terms or policy rationales of ERISA. See e.g., Rodriguez v.
10 PepsiCo Long Term Disability Plan, 716 F.Supp.2d 855, 860 (N.D.
11 Cal. 2010) (“Nothing in the statutory language bars those
12 negotiating ERISA plans from narrowing that menu of options to
13 one venue in particular. As many other district courts have
14 already observed, Congress could have—but has not—expressly
15 barred parties from agreeing to restrict ERISA’s venue
16 provisions.”).

17 The Court therefore finds that the forum-selection clause
18 contained in the 2018 benefits plan is applicable and valid.

19 2. Fairness

20 When a forum-selection clause is scrutinized over its
21 “fundamental fairness,” it may be deemed unfair if inclusion of
22 the clause was motivated by bad faith, if “accession to the
23 forum clause” was obtained “by fraud or overreaching,” or if the
24 party had no notice of the forum provision. Carnival Cruise
25 Lines, Inc. v. Shute, 499 U.S. 585, 595 (1991). The party
26 challenging the clause bears a “heavy burden of proof.” M/S
27 Bremen, 407 U.S. at 17. Plaintiff does not argue that the
28 forum-selection clause is unfair for any of those reasons.

1 Instead, Plaintiff argues enforcement of the forum-selection
2 clause would be unfair because he would be burdened by
3 additional legal costs. Opp'n at 6-7. Plaintiff further argues
4 enforcement would be unfair because Ohio allows courts to review
5 the plan administrator's decision for abuse of discretion
6 whereas California requires *de novo* review. Opp'n at 8-9.

7 With regard to additional legal costs, Plaintiff does not
8 contend that they would effectively "deprive[] [him] of his day
9 in court." Rodriguez v. PepsiCo Long Term Disability Plan, 716
10 F.Supp.2d 855, 861 (N.D. Cal. 2010) (citing Murphy v. Schneider
11 Nat'l, Inc., 362 F.3d 1133, 1140 (9th Cir. 2004)). Nor could he
12 so contend. In Rodriguez, the court enforced a forum-selection
13 clause, even though it was physically and financially impossible
14 for the California plaintiff to attend a trial in New York,
15 because the nature of an ERISA action is such that "the prospect
16 of a trial is highly improbable; rather, [the] action is likely
17 to be decided by the court on motions for summary judgment."
18 Id. at 862. The court reasoned that, if trial were to occur,
19 the plaintiff could move to transfer venue back to the original
20 forum. Id. Absent the contention that a change in venue would
21 wholly deprive Plaintiff of his day in court, the Court cannot
22 take this argument into consideration as it must disregard the
23 parties' private interests and only consider arguments about
24 public-interest factors. Atl. Marine, 571 U.S. at 64.

25 As for Plaintiff's argument about the standard of review,
26 it is without merit. A denial of benefits claim in an ERISA
27 case "is to be reviewed under a *de novo* standard unless the
28 benefit plan gives the administrator or fiduciary discretionary

1 authority to determine eligibility for benefits or to construe
2 the terms of the plan.” Firestone Tire and Rubber Co. v. Bruch,
3 489 U.S. 101, 115 (1989). If the benefit plan confers such
4 discretionary authority, then the decision to deny benefits is
5 reviewed for abuse of discretion. Id. Here, the 2018 benefits
6 plan grants discretion to the administrator. See Benefits Plan,
7 Legal Actions § 10.10(a), Ex. A to Mot., ECF No. 5-1. As a
8 result, the denial will be reviewed for abuse of discretion
9 regardless of whether the action progresses in California or
10 Ohio. See Valdez v. AT&T Umbrella Benefit Plan No. 1, 371
11 F.Supp.3d 754, 766 (S.D. Cal. 2019) (applying the abuse of
12 discretion standard to a denial of benefits claim brought in
13 California where the benefits plan conferred discretionary
14 authority).

15 In sum, Plaintiff has not borne the “heavy burden” of
16 showing the applicable forum-selection clause to be
17 unenforceable. AOL LLC, 552 F.3d at 1083. The Court finds that
18 enforcing this clause would not violate fundamental fairness.
19 Accordingly, the forum-selection clause applies in full force
20 and the matter must be transferred to the Southern District of
21 Ohio.

22 III. ORDER

23 For the reasons set forth above, the Court GRANTS
24 Defendants’ Motion to Change Venue.

25 IT IS SO ORDERED.

26 Dated: June 23, 2020

27 
28 JOHN A. MENDEZ,
UNITED STATES DISTRICT JUDGE